

## PLASTICS • RUBBER

FIRST QUARTER

2019

The Plastics & Rubber Industry Practice Group draws on the experience of CFA dealmakers, who as former business owners, CEOs, and industry professionals, have first-hand knowledge and have completed many transactions in sectors throughout the Plastics & Rubber category. Working with your local CFA representative, you can be sure that the collective wealth of knowledge is available to every CFA client.

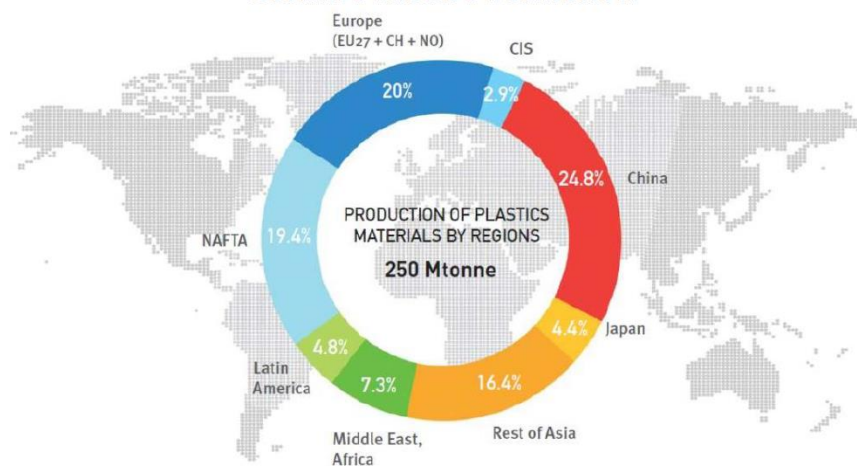
## Plastics & Rubber M&A

M&A activity for North American based target companies in the Plastic and Rubber sector for Q4 2018 included 25 closed deals, according to data published by industry data tracker *FactSet*.

One of the notable middle market transactions closed in November when VisiPak, Inc., a subsidiary of Sinclair & Rush Inc, acquired Masterpac Corp for an undisclosed amount. The transaction allows VisiPak to enter into the medical packaging business and strengthen its product offerings in the consumer and industrial packaging market. Masterpac Corp is located in St. Louis, Missouri and manufactures thermoformed finished plastics products.

China, Europe and the United States continue to be the leading producers of plastic across the globe.

### Global Plastic Production



Source: Plastic Knowledge

## Transactional Overview

Notable closed lower middle market transactions for the period in the Plastic and Rubber sector include:

**December 2018** - Intertape Polymer Group, Inc. acquired Maiweave LLC for US\$21 million in cash. Intertape Polymer Group engages in the provision of packaging and protective solutions for industrial markets. Maiweave engages in the manufacture of woven polyethylene products. It serves the building and construction, agriculture, industrial packaging, environmental, oil and gas, billboard media, recreational, shelter fabrics, contract coating and laminating and military market. The company was founded in 2002 and is headquartered in Springfield, OH.

**November 2018** - Kafrit Industries (1993) Ltd acquired Polyfil Corp for US\$34.7 million. The acquisition would expand Kafrit Industries' footprint in masterbatch Arena. Kafrit Industries engages in the development, manufacture and marketing of concentrates, additives and mixtures for the plastics industry.



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Polyfil Corp. manufactures performance enhancing additive concentrates for polyolefins. Its product line includes antistats, antifogs, chemical foaming agents, ultra violet stabilizers and blockers, purge and shutdown compounds, slips, antiblocks, processing aids, antioxidants, gas and odor absorbers, release agents, mineral filled concentrates, multifunctional additive concentrates and custom formulated products. The company was founded in 1984 and is headquartered in Rockaway, NJ.

**November 2018** - Hexcel Corp acquired ARC Technologies, Inc. for US\$160 million. The acquisition strengthens Hexcel's existing advanced materials portfolio in structural composites and thermoplastics and provides new opportunities for growth and market penetration. Hexcel engages in the development, manufacture and market of advanced composite materials for the commercial aerospace, space and defense, and industrial markets. ARC Technologies supplies microwave absorbing materials for commercial and defense applications. The firm offers research, development, testing, machining, planting and value-added services. Its product line includes MAGRAM, Composites, Advanced Materials, Wave-X and Thermoplastic. It serves the automotive, cables, portable equipment and satellite industries. The company was founded in 1988 and is headquartered in Amesbury, MA.

Selected Q1 Closed Transactions	
Target/Issuer	Buyers/Investors
Performance Plastics, Inc.	Asahi/America, Inc.
Pak-Rite Ltd.	Universal Forest Products, Inc.
Creative Urethanes, Inc.	Seacoast Capital Corp.; Mearthane Products Corp.
Specialty Silicone Products, Inc.	HEICO Electronic Technologies Corp.
Southern Plastics Co., Inc.	Peak Rock Capital LLC; Do Outdoors LLC
Polyfil Corp.	Kafrit Industries (1993) Ltd.
ARC Technologies, Inc.	Hexcel Corp.
Pacific Plastics Injection Molding	Diversified Plastics, Inc.

## Industry Update

The US plastics industry is expected to grow in the year ahead, even amid some major challenges, according to the 2018 Size & Impact Report from the Plastics Industry Association (PIA). US plastics shipments are forecast to rise by an inflation-adjusted 2.2% in 2019 and by 1.6% in 2020, down from an estimated 3.3% for 2018. The PIA expects the United States-Mexico-Canada Agreement (USMCA) -- the proposed replacement for NAFTA -- to have a positive effect on the industry. However, the US plastics industry still faces some key challenges. Finding enough skilled workers will become more difficult as long as the nation maintains full employment (typically achieved when unemployment dips below 4%). Despite industry efforts to fund apprenticeships and technical programs, plastics firms may still face hiring gaps at a time when the industry is growing. To combat increasingly negative public perceptions of how plastics affect the environment, the industry is seeking support from Congress for an increase in plastics recycling capacity.

## Industry Indicators

- US nondurable goods manufacturers' shipments of chemical products, an indicator of demand for plastic resin and synthetic fibers, rose 5.4% year-to-date in November 2018 compared to the same period in 2017.
- The spot price of crude oil, a key raw material in plastic resin and synthetic fiber manufacturing, fell 13.7% in the week ending February 8, 2019, compared to the same week in 2018.

Collectively, the Plastics & Rubber Practice Group provides M&A advice to public and private companies in all sectors of the plastics industries, including custom manufacturing using injection molding, extrusion, thermoforming, roto-molding, and blow-molding, tool & die making for injection molding and plastic packaging. For information on mergers, acquisitions, divestitures, recapitalizations, joint ventures or financial resources, contact your local Corporate Finance Associates office.

